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UNCLAS HANOI 002860

SIPDIS

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TREASURY FOR OFAC

E.O. 12958: N/A

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SUBJECT: VIETNAM: TERRORIST FINANCE COORDINATION

REF: (A) HANOI 02744 (B) STATE 201391 (C) HANOI 01940

1. (U) As a follow-up to the meeting described in ref A, Hanoi's full TFC team met on October 7, 2004 to clarify and coordinate Post's position on terrorist financing. While terrorist financing and money laundering are similar, these two issues are treated separately by the Government of Vietnam.

2. (U) In visits detailed in ref C to the State Bank of Vietnam (SBV), the Ministry of Public Security (MPS) and the Ministry of Justice (MOJ), Econ Assistant learned from officials at all three organizations that they believe that the current strict controls governing the financial sector are sufficient protection and deterrence against terrorist financing activities.

3. (U) Vietnamese officials are also confident that the new anti-money laundering decree will provide them with adequate authority to combat money laundering, both internal and international. However, this decree is in draft only and Post has received no response to a June 22 official request for a copy of the draft version. A recent query resulted in a promise that our office would be notified if the drafters received permission to release a copy.

4. (SBU) The future problem may be establishing Vietnamese authority for cooperation. The MPS currently possesses no practical ability to support international money laundering investigations in conjunction with DEA or any foreign law enforcement agency. Even when the official decree on anti-money laundering is in effect, it will not cover the terrorist finance issue. The SBV cooperates by investigating the names designated by the United Nations and has reported that they found no evidence of financial activity; but if in the future a name produces results, further cooperation might be limited.

5. (U) As reported ref C, more visits by Treasury officials to Hanoi in order to encourage development of regulations and competent authorities, to educate and to explain potential problems and to coordinate technical assistance would be helpful and well-received. Technical assistance could pave the way for effective cooperation.

MARINE